The Flood Insurance Premium Relief Act of 2013 (FIPRA)

The *Flood Insurance Premium Relief Act of 2013* (FIPRA) provides relief to certain homeowners from skyrocketing flood insurance premiums by delaying any increase in premiums for one year, then managing the rate of increases at a compassionate rate over the next 10 years.

Phase-out Delay

Grandfathered Policies:

- FIPRA will delay any rate increases for homeowners who are affected by map changes, (AKA "grandfathered" policies) for one year, until January 1, 2015. Typically, these "grandfathered" policyholders have built to compliance, but fall out of compliance because of revised flood maps.

Newly Purchased Properties:

- FIPRA will delay any rate increases for homebuyers for one year, until January 1, 2015.

This provides relief to these property owners and homebuyers in order to adequately prepare for flood insurance rate increases. This also gives Congress and FEMA flexibility to review reports on flood insurance affordability due out later this year.

Compassionate Rate Management

Grandfathered Policies:

- FIPRA manages flood insurance premiums for homeowners who are affected by map changes, (AKA "grandfathered" policies).
- After January 1, 2015, property owners holding a "grandfathered" policy will see a maximum 10 percent increase in flood insurance premiums per year for 10 years.
- This is in contrast to the rapid, 20 percent increases under the Biggert-Waters Flood Insurance Reform Act.

Newly Purchased Properties:

- FIPRA manages flood insurance premiums for homebuyers who purchase a home from an owner who currently pays a subsidized flood insurance premium.
- After January 1, 2015, the homebuyer will start to pay the same rate as the previous owner. Then, the homebuyer will see a maximum 10 percent increase in flood insurance premiums per year for 10 years.
- This is in contrast to the immediate implementation of full risk rates for homebuyers this year.

The Flood Mitigation Expense Relief Act of 2013 (FMER)

The *Flood Mitigation Expense Relief Act of 2013* (FMER) provides relief to homeowners and small businesses from scheduled flood insurance rate increases by providing tax credits and grant funding for flood mitigation expenses.

Flood Mitigation Tax Credit:

Homeowners: Those with a flood insurance policy, who incur qualified flood mitigation expenses would be eligible for up to $5,000 refundable tax credit.

Small Businesses: Those with flood insurance policies and 50 employees or less that incur qualified flood mitigation expenses would be eligible for up to $5,000 in business tax credits.

Eligibility: Those meeting the following criteria may be eligible for the Flood Mitigation Tax credit:

- NFIP policy holders;
- Those currently paying subsidized flood insurance rates;
- Those whose rates increase as a result of Biggert-Waters Flood Insurance Reform Act;
- Those incurring qualified flood mitigation expenses
- Businesses with 50 or fewer employees
- Properties that fall below the base flood elevation or are remapped into a higher risk area;

Phase-out: The individual and small business tax credits will phase out after December 31, 2022.

Flood Mitigation Grant Programs Funding:

Mitigation Grant Funding: FMER would provide $100 million in additional funding to the National Flood Mitigation Fund and another $100 million in additional funding to the Pre-Disaster Mitigation Program. Total additional funding is $200 million.

Eligible Activities: The additional funding for both of these programs would cover flood mitigation activities and voluntary property buy-outs.

Eligible Recipients: The additional funding would apply to recipients who undergo revised flood maps and either fall below the base flood elevation or are mapped into a higher risk flood zone. Essentially, policyholders who typically qualify for “grandfathered” policies would be eligible to receive these funds.

Offsets:

Eliminates the Energy Star Program under the Department of Energy and Environmental Protection Agency. This program is estimated to cost the government $627 million over 10 years and is fraught with waste, fraud, and abuse.